



NEWS RELEASE

CALIFORNIA STATE TREASURER PHIL ANGELIDES

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TREASURER ANGELIDES COMMENTS ON THE LEGISLATURE'S EXPECTED ACTION ON BUDGET PROPOSALS

SACRAMENTO, CA – California State Treasurer Phil Angelides today had the following comments in response to the Legislature's expected action on budget proposals to be put before the voters on the March 2004 ballot:

"It is time now to squarely face up to our fiscal challenges – to truly balance our budget in a way that improves the lives of California families and strengthens our state for the future. I fully intend, as this debate progresses, to continue to stand up and fight for a structurally balanced budget that bolsters our economy and broadens opportunity for all Californians.

"By rejecting the Governor's 30-year debt plan, the Legislature saved California families \$16 billion in principal and interest payments – or an average of approximately \$1400 for each household.

"The proposed bond and budget measures, in and of themselves, will not close our budget deficit. Now it falls to the Governor to propose a balanced budget, consistent with his pledges to protect education, healthcare for children, and public safety. I look forward to his submission of a budget plan in January that contributes to the long term economic and social progress of our state."

The budget debate began when the Schwarzenegger Administration floated the idea of a \$20 billion-plus bond to be paid back over a period of up to 30 years. The Treasurer made the case that if a bond was to be placed on the ballot for approval by the voters, it must be reduced in size, shorter in term, and paid off with a dedicated revenue stream – to lessen costs to taxpayers and to remove the burden from our children.

The Governor's original proposal sought authorization to issue up to \$17 billion in bonds, yielding net proceeds of \$15 billion. The measure approved today authorizes up to \$15 billion in bonds, yielding net proceeds of \$13.2 billion. The bond term has been reduced from up to 30 years to an estimated nine years. And, the bonds are backed by a dedicated revenue source – a one-quarter-cent sales tax. When all is said and done, the approved measure will cost approximately \$19 billion in principal and interest – or approximately \$16 billion less than the Governor's 30-year plan. Finally, the measures approved by the Legislature prohibit future deficit borrowing.

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